

SUPPORTING STATEMENT

A. Justification

1. Necessity of the Information Collected

The purpose of this request is to obtain OMB clearance for the 2014-2016 Telephone Point-of-Purchase Survey (TPOPS). The information to be collected represents a continuation of a currently approved telephone data collection. OMB control number 1220-0044 expires on January 31, 2014. Census Bureau interviewing is scheduled to continue in February 2014.

The Census Bureau conducts the ongoing TPOPS for the Bureau of Labor Statistics (BLS) as part of the Consumer Price Index (CPI) program. The purpose of the survey is to develop and maintain a timely list of retail, wholesale, and service establishments at which urban consumers shop for specified items. The list of establishments produced from the survey serves as a sampling frame for the BLS to update and maintain the sample of outlets it uses in pricing goods and services in the CPI. The information collected in the survey also provides BLS with basic expenditure estimates that are used to weight unique items that are priced. Without this information, the BLS would not have a statistically accurate list of current establishments visited by consumers, and therefore, could neither collect prices as needed for the CPI nor weight specific items properly.

The BLS is authorized to collect these data under Title 29, Section 2, of the United States Code (see Attachment B). On September 30, 1976, Congress enacted Public Law 94-439 (H.R. 14232) to appropriate funds for revisions to the CPI. Within this appropriation is financial support for an ongoing Point-of-Purchase Survey. The Census Bureau collects information in the TPOPS for the BLS under the authority of Title 13, United States Code Section 8(b), which allows the Census Bureau to undertake surveys for other agencies (see Attachment C).

The current TPOPS, has been conducted via computer-assisted telephone interviewing (CATI) since 1997. Conducting a survey by CATI offers several advantages over personal-visit interviewing:

- A completed telephone interview costs less to obtain than a personal interview.
- Supervisors can exercise greater quality control over interviewing in a centralized CATI facility as opposed to supervising field interviewers in a decentralized environment.

- Using telephone survey methodology, the survey can be conducted continuously covering all primary sampling units (PSUs) over a 1-year period rather than in one select group of PSUs during one 6-week period per year.

TPOPS is conducted over the telephone under a CATI environment and needs no additional material. However, advance letters are sent to every household for which an address can be obtained. Respondents are contacted within a few days of receiving the letter. Because of the increase in response rates in those households receiving the advance letter, the respondents' addresses are collected so that advance letters/postcards¹ can be sent before subsequent scheduled interviews. Starting in early 2014, follow up letters will be sent to respondents initially unwilling to participate during the 5 week interviewing period. Sending letters during the interviewing period to soft refusals have been found by other surveys (e.g., the American Community Survey) to have a conversion rate of 16%.

Generally speaking, the TPOPS interview is divided into three parts:

- The front portion of the interview is designed to identify eligible sample units and to screen-out ineligible units (e.g., home owners, businesses). Respondents using mobile phones are asked to verify they are not driving at the time of the interview.
- The middle portion of the interview contains questions about purchases of selected consumer items made by members of the sample unit. If the sample unit incurred expenses for the specific item in question during the specified recall period, then (a) the amount of each expenditure and (b) the name and address of each outlet where the item was purchased is collected.
- The back portion of the instrument is designed to collect demographic characteristics and contains administrative questions for scheduling subsequent interviews.

The instrument specifications, which contain the actual questions asked, are provided in Attachment D.

To address potential coverage bias by omitting households in the U.S. that make significant use of cell phone only service, a cell phone number frame was added to TPOPS in April, 2012. Results from a cell phone test fielded in the first quarter of 2011 were used to estimate a hit rate to maximize sampling. The target of interviews between the two frames was set at 75% landline and 25% cell phone, which closely reflects the current telephone usage by U.S. households.² Each cell phone frame

1 Postcards are sent as reminders to respondents without the survey name to maintain confidentiality.

2 Blumberg, Stephen J., Ph.D., and Luke, Julian V. Wireless Substitution: Early Release of Estimates from the National Health Interview Survey: Division of Health Interview Statistics, National Center for Health Statistics, January-June 2009.

respondent is asked to provide their mailing address in the first interview. Advance letters are then sent in subsequent interviews. Instrument changes associated with the implementation of a cell phone frame are included in Appendix G.

In 2012, BLS concluded research on alternative sources of outlet frame data. Upon evaluation of five different sources, the BLS concluded no single source of outlet data existed that met all requirements of the CPI. The research identified five criteria the CPI Pricing Survey requires regarding outlet frame information:

- The sample frame must target urban consumers in the 87 primary sampling units defined in the CPI survey.
- In order for the source of outlet information to be useful, the lag between its collection and use in the CPI should be minimized.
- The CPI Pricing Survey requires identifiable independent frames that match its structure of 180 goods and services.
- The source should be unbiased and accurate.
- The data should be safeguarded and comply with BLS confidentiality guidelines and security measures.

Among the five sources evaluated was the Census of Retail Trade (CRT). It is conducted every five years as part of the Economic Census and provides data for most of the categories in the CPI. The CRT failed to meet the CPI Pricing Survey needs regarding timeliness, geography, and was found to not include single establishment outlets.

The following potential sources were also found to be insufficient:³

- Knowledge Networks is an internet survey with pools of respondents, but due to their low response rates and small sample size in some geographic areas its results were not deemed reliable.
- A.C. Nielson's household data did not meet the geographic needs of the CPI Pricing Survey and did not include some small businesses resulting in a bias.
- The Center for Medicare and Medicaid Services Survey was identified as a source for a subset of the medical categories in the CPI Survey but it collects data only for Medicare-qualified outlets resulting in a bias.

The inclusion of outlet questions in the Consumer Expenditure Survey (CE) was also considered as a potential source of an outlet frame for the CPI Pricing Survey. A major drawback of this approach is that it is conducted in different geographic areas than the CPI.

³ Stockburger, Anya. Memo to OMB: Update on the Telephone Point of Purchase Survey cell phone frame planning. June 6, 2012.

2. Needs and Uses

The BLS will use information collected in TPOPS to select establishments for pricing market basket items needed for CPI calculations. Information received from the currently approved TPOPS collection has been used to select new establishments in geographic areas from the 1998 Revision CPI sample. Pricing at these establishments was initiated in February 1999 as part of the ongoing Consumer Price Index Commodities and Services Survey, OMB control number 1220-0039.

3. Use of Information Technology

The collection of information for TPOPS is fully automated. Under the CATI environment, interviewing in all CPI geographic sampling areas or primary sampling units (PSUs) occurs from three central locations. Specifically, the Census Bureau operates telephone interviewing facilities in Hagerstown, MD; Jeffersonville, IN; and Tucson, AZ. Interviewers dial a telephone number obtained from a queue of randomly selected telephone numbers for each geographic area, and then conduct the interview over the telephone. Responses are keyed directly via the computer and stored electronically by the CATI instrument. Sample units are identified and interviewed once per quarter, over four consecutive quarters. This design minimizes the total number of calls that must be made to obtain a sufficient sample size.

4. Efforts to Identify Duplication

To our knowledge, no other Federal agency is collecting this information.

5. Minimizing Burden to Small Entities

Not applicable. The collection of information in TPOPS involves individuals, not small businesses.

6. Consequences of Less Frequent Collection

The continuous, quarterly collection of these data accurately reflects current consumer purchasing behavior and is essential in order to have a continuously updated outlet frame for the CPI "market basket" of goods and services. If the BLS did not conduct TPOPS, BLS would not be able to update and replenish the sample of establishments where pricing agents are sent to verify the price of goods in the market basket. The CPI sample would become out of date and unreflective of current prices faced by urban consumers. The consequence to both the Federal and private sectors, which rely on the CPI as the primary indicator of inflation, would be far-reaching and have serious repercussions on Federal government policy and institutions. For example, Federal fiscal and monetary policies would be hampered due to the lack of accurate information on price changes.

If collection were conducted less frequently, the timeliness and accuracy of the CPI would be significantly compromised.

7. Special Circumstances

The Census Bureau will collect these data in a manner consistent with the guidelines in 5 CFR 1320.5.⁴

8. Federal Register Notice/Consultation Outside the Agency

Two comments were received as a result of the Federal Register notice published in the Federal Register, 78 FR 50449 on August 19, 2013. The first comment, which was faxed to BLS on August 19, 2013 expressed the opinion that the survey is fake. The TPOPS Survey is used to regularly update the CPI, also called the inflation rate. Millions of American workers and retirees rely on these adjustments for their day-to-day expenses. Social Security payments are typically adjusted each year based on the responses gathered in the CPI survey. The interest rates on many mortgages and consumer loans are adjusted based on the inflation rate and CPI. Additionally, the information gathered is widely used by policymakers and researchers to study the impact of price increases and policy changes. The second comment, received on October 17th, from the Bureau of Economic Analysis supports the continued collection of the TPOPS survey, stating that it is critical to the data quality of numerous components of the BEA's GDP statistics.

During the past 2 years, the BLS has consulted with the following persons and continues to do so as specific problems arise:

Mrs. Carolyn Pickering
Demographic Surveys Division
Bureau of the Census
(301) 763-3873

Mr. Stephen Ash
Statistical Methods Division
Bureau of the Census
(301) 763-4294

Due to the CPI's high visibility, the data collection methodology used for its construction is under constant scrutiny by individuals and organizations within and outside the U.S. Government. Members of the CPI staff in Washington, D.C. have participated in various economic association meetings to discuss CPI surveys, including

⁴ Electronic Code of Federal Regulations Title 5: Administrative Personnel – Part 1320 Controlling Paperwork Burdens on The Public. 3 July 2013. GPO. < <http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&rgn=div5&view=text&node=5:3.0.2.3.9&idno=5>>.

methodological and procedural aspects of the data collection process. The BLS Commissioner and Associate Commissioners report on a monthly basis to the Congressional Joint Economic Committee. Past criticisms of the CPI included its inability to incorporate new products and new outlets into the sample in a timely manner and the belief that the outlets in sample were too old. The current design of TPOPS allows the flexibility to add new products and to select outlets on a continuous basis in all sampling areas in a timely manner.

9. Paying Respondents

Cooperation by the respondents to supply data for TPOPS is voluntary and no remuneration, payment, or gift is provided.

10. Assurance of Confidentiality

The Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA) safeguards the confidentiality of individually identifiable information acquired under a pledge of confidentiality for exclusively statistical purposes by controlling access to, and uses made of, such information. CIPSEA includes fines and penalties for any knowing and willful disclosure of individually identifiable information by an officer, employee, or agent of the BLS.

BLS policy on the confidential nature of respondent identifiable information (RII) states that “RII acquired or maintained by the BLS for exclusively statistical purposes and under a pledge of confidentiality shall be treated in a manner that ensures the information will be used only for statistical purposes and will be accessible only to authorized individuals with a need-to-know.”

The Census Bureau performs this work under the authority of 13 USC Section 8 (b).

Respondents for whom an address can be obtained receive an advance letter that assures confidentiality. If an address is unavailable at the beginning of the telephone interview, the interviewer reads a brief explanation of the survey, the confidentiality standards and authority, and the information required by the Privacy Act of 1974. Respondents are informed that the survey is voluntary and all information will be held in strict confidence and will be used for statistical purposes only.

11. Justification for Sensitive Questions

TPOPS does not include any questions of a sensitive nature.

12. Estimate of Respondent Burden

The collection of information for TPOPS will occur in 87 geographic areas, or primary sampling units (PSUs).

TPOPS has a quarterly rotating panel design. Once a household has been selected and has been identified as an eligible unit, it remains in the sample for four consecutive quarters. The total sample in each PSU is divided into four panels. During any given quarter, one panel is administered their first interview, one panel is administered their second interview, one panel is administered their third interview, and one panel is administered their fourth interview.

The sample design outlined above was used to estimate burden hours for the collection of information in the 2014 through 2016 TPOPS surveys. The BLS estimates that it will take approximately 12.27 minutes on average to interview eligible landline respondents and 14.00 minutes on average to interview eligible cell phone respondents during the 2014-2016 timeframe. An estimate of average interview time is based on collection results from the first quarter of 2013; Table 1 itemizes the estimated respondent burden hours by year.

<i>Table 1: Estimates of Annual Response Burden</i>	2014-2016		
	LL	CP	Total
Number of panel-1 respondents per quarter ¹	15,087	11,566	26,653
Average number of responses ²	2.14	1.79	2.02
Total number of responses ³	32,286	20,703	53,839
Minutes per response ¹	12.27	14.00	12.76
Total minutes ³	396,151	289,844	686,986
Total hours ³	6,603	4,831	11,450
1/Estimates based off an average of 2013 Qtr-1 data			
2/Estimates are an average of 2012 and 2013 collection results			
3/Annualized estimates based off of 2013 Qtr1 Data			

When applying the median U.S. hourly wage of \$16.71 to the total hours the annual opportunity cost to respondents is approximately \$191,329;⁵ by frame the total opportunity cost is \$110,336 for landline respondents and \$80,726 for cell phone respondents. This estimate is based on annualized interviewing results from the first quarter of 2013 when the dual frame sample reached a target goal of 75% landline and 25% cell phone respondents.

13. Estimate of Cost Burden

The total annual cost burden to respondents resulting from the collection of information from the landline frame is \$0. The cost associated with the cell phone frame is measured by the utilization of minutes. In 2012, Ovum research reported only 23% of wireless consumers use pre-paid cards based on a 'per minute' cost; the cost is

⁵ May 2012 National Occupational Employment and Wage Estimates. Occupational Employment Statistics http://www.bls.gov/oes/current/oes_nat.htm.

therefore negligible.⁶ There are no capital, start-up, operational, maintenance, or service costs required of respondents.

14. Cost to the Federal Government

The annual cost to the Federal Government of collecting, processing, and reviewing the data collected in TPOPS is expected to be about \$4.3 million in fiscal year 2014. This figure includes about \$3.8 million in costs incurred by the Census Bureau for collecting and processing the production data, other operational costs associated with maintaining the survey. It also includes about \$0.5 million in personnel and computer-related costs appropriated by BLS to manage the survey and process the data upon receipt from the Census Bureau.

Data collection for the cell phone frame is roughly twice as expensive as the landline frame, since twice as many phone numbers must be contacted to obtain a completed interview. Data collection is about 75% of the costs incurred by the Census Bureau. A 25% increase in data collection costs due to the addition of the cell phone frame, is a 19% increase in the total costs incurred by the Census Bureau.

Absent a 19% increase in the funding of TPOPS, modifications to the survey sample design have been implemented to mitigate costs.

In the TPOPS, sub-sampling is done to panel one phone numbers which are found to have the lowest response rates in subsequent panels. Starting in FY2013 sub-sampling was expanded to include unknown eligible cases from the first panel.

- Phone numbers where respondent eligibility could not be confirmed (AAPOR codes 300-314 and 320-365) are sub-sampled at a rate of 25% for panel 2.⁷
- Phone numbers called during panel one which never results in an answer (AAPOR codes 380 and 385) are sub-sampled at a rate of 10% for panel 2.⁷

Costs of administering the dual frame design will continue to be monitored. If the cost savings from sample design changes are not sufficient, then the target number of total completed interviews may need to be decreased from the current 14,320 per quarter.

15. Changes in Respondent Burden

The total respondent burden hours requested for 2014 are 11,450 for the survey overall and by frame are 6,603 for the landline and 4,831 for the cell phone. The net decrease

6 Chen, Brian X. Bites Blogs. 2 August 2012. NYTimes.< <http://bites.blogs.nytimes.com/2012/08/02/prepaid-phone-plans/>>.

7 The American Association for Public Opinion Research. 2011. *Standard Definitions: Final Dispositions of Case Codes and Outcome Rates for Surveys*. 7th edition. AAPOR

of 169 burden hours reflects the completion of the cell phone frame test, an increased sample size drawn for the cell phone frame and and lower participation; the cell phone hit rate is almost half of the landline frame.

16. Time Schedule for Information Collection and Publication

Results from TPOPS will not be published. Data will be used as the outlet universe for the Commodities and Services Survey for the CPI. Data are delivered to BLS from the Census Bureau approximately 7 weeks after the end of each interviewing period. BLS processes the data and selects establishments for pricing during the proceeding 10 to 12 months. The initiation of pricing activities in outlets reported in TPOPS begins approximately 12 to 16 months after the original data collection in TPOPS. This schedule operates continuously, with new interviews beginning each calendar quarter.

17. Request to Not Display Expiration Date

The 2014-2016 TPOPS survey will be conducted via computer-assisted telephone interviewing, there are no paper questionnaires. Instead, respondents are read statements and questions over the telephone. Currently, the OMB clearance number is read to the respondent during the introductory screens (see Attachment D). However, the BLS does not indicate the expiration date of the collection. Research has suggested that long, superfluous introductory statements are not only burdensome, but are likely to result in a refusal in a CATI environment. In an effort to minimize the likelihood of losing an interview, the BLS would like to keep the introductory statement as short as possible. The expiration date of OMB approval will be provided to a respondent upon inquisition during the interview.

The BLS currently sends an advance letter to households for which an address can be obtained. Copies of the advance letters are attached (see Attachment E). The BLS requests that the BLS not print the expiration date on our advance letters. This will allow copies of old letters to be retained and used instead of discarded when an expiration date is met.

18. Exceptions to the Certification

Not applicable. There are no exceptions to the “Certificate for Paperwork Reduction Act Submissions” statement.